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The AGRICULTURAL OUTLOOK DIGEST

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As far as trends in prices, costs and income are concerned, farmers' probably will find 1950 pretty largely a repetition of 1949.

A recent review of the outlook for 1950, first presented last October, indicates that prospects for agriculture have changed little. Here are the main conclusions:

Prices Received by Farmers: For all of 1950, the index is expected to average less than a tenth below the 1949 level.

Farm Marketings: Total quantity of products marketed by farmers is likely to be about the same as in 1949. However, there will be considerable changes among various commodities.

Total amount of crops marketed is expected to be down substantially. Most of decline is expected in those commodities which are in surplus and for which acreage is being reduced. This forecast is based largely on acreage farmers have planted or intend to plant. Much depends on weather from now until harvest time.

Total amount of livestock and products marketed will be up enough to about offset the expected drop in crop sales. Most of increase will come later in year when marketings of hogs and cattle are expected to be heavy.

Gross Farm Income: Lower prices and the lack of a compensating increase in volume of sales means that cash receipts will be down to around 25 billion dollars, about $2\frac{1}{2}$ billion less than in 1949. Other components of gross income -- value of home produced products consumed on the farm, rental value of farm dwellings and government payments -- also are likely to be lower.

Farm Production Costs: Expenses of producing the Nation's food and fiber will continue high, with only slight declines from 1940 levels expected.

The minor declines anticipated will come from lower expenditures for labor, fertilizer and rents. Most other production costs are expected to be as high or higher than last year.

Net Farm Income: Combined effect of drop in gross income and a rigid production cost level means another sharp drop in the realized net income of farm operators -- probably almost as much as the decline from 1948 to 1949. This would leave net income about a third below the 1947 peak.

Much of the price decline expected for 1950 already has occurred. In the first 4 months of 1950, prices farmers receive averaged about 9 percent below the same period of 1949, about 5 percent below level for all of 1949. Most of it has occurred in livestock items; crops, many of which are being supported by Government programs, have about held their own.

Barring unfavorable weather, crop prices are expected to decline further in second half of year. So will average prices for livestock and products as sales of cattle and hogs step up.

Value of our agricultural exports in 1950 is expected to be off 10 to 15 percent from 1949. Wheat and flour will be down most. Little change from 1949 is expected for cotton and tobacco.

Foreign needs for our farm products are becoming less pressing as farm output abroad recovers. In addition, our foreign aid expenditures in 1950 are expected to be about 17 percent below 1949.

Farmers continue to bear the brunt of the retreat from the postwar inflation peak.

Nonfarm economic activity has recovered from the 1949 recession. Output of automobiles and other durable goods has been increasing. Production of nondurables is near the postwar high. Construction, sparked by an upsurge in home building, has been at a record pace. Employment continues high though unemployment has edged upward. Consumer income, boosted by the veterans' insurance refund, has been supporting consumer buying at near record rate.

Nonfarm business probably will continue at a high level the rest of the year. However, signs indicating some weakening later on are evident.

Most of the veterans' insurance refund will have been paid by midyear and much of it will have been spent. Business is expected to continue to reduce spending for new plant and equipment. Exports are likely to decline as our foreign aid diminishes and other countries compete more vigorously for the export market.

LIVESTOCK AND MEAT An average seasonal rise in hog prices is expected this spring and early summer. Heavy marketings next fall, however, may push hog prices down to lowest since price controls ended in 1946.

Prices of well finished cattle are expected to begin a moderate rise in midsummer and to reach a peak in late summer or early fall. Lower grades of cattle are expected to decline seasonally in coming months.

Lamb prices have been running below last spring's exceptionally high levels; later this year are expected to be about the same as a year earlier.

DAIRY PRODUCTS Milk production in March set a new record. For the year, if weather and pasture conditions are favorable, it may approximate the 1945 peak.

Recent declines in fluid milk prices have been largely responsible for the fact that wholesale milk prices to farmers are averaging almost 10 percent below early 1950. Prices for manufacturing milk and butter fat have changed little.

EGGS AND POULTRY Egg production continues seasonally large with considerable quantities being bought by the government and going into cold storage. Prices in mid-April averaged a little lower than a month earlier.

Marketing of chickens from farms is increasing seasonally. Sales of commercial broilers are likely to rise by the end of May. Prices have risen above the 7-year low of January. USDA has announced that prices of chicken and turkeys will not be supported this year.

FATS AND OILS Fats and oils prices in 1950 are expected to average below 1949 but above the low point of last fall.

More tallow, lard and grease probably will be produced in the year beginning next October than in 1949-50 because more cattle and hogs will be slaughtered. Total oilseed acreage this year may be a little smaller than in 1949. With average yields, some reduction in oilseed output is probable.

FEEDS Farmers are putting more acres into the four main feed grains than in 1949, their planting intentions indicate. Though they intended to reduce corn acreage 6 percent, they planned to boost oats 8 percent and both barley and sorghum 24 percent.

With average yields on the intended acreage, the feed grain supply for 1950-51 would be smaller compared with the number of livestock to be fed than in either of the last 2 seasons, but a tenth above prewar.

WHEAT This year's wheat crop probably will add less to stocks than the crops of the last 2 years but production may exceed the amount used in the United States plus exports.

The winter wheat crop on April 1 was estimated at 764 million bushels. No estimate of the spring wheat crop has been made but if farmers plant the acreage they intended last March and yields are average, 300 million bushels would be produced. With a carryover of about 450 million bushels expected July 1, total supplies for 1950-51 would be 1,514 million bushels. With domestic consumption of 700 million bushels, about 814 million bushels would be available for export next year and for carryover July 1, 1951.

FRUITS AND VEGETABLES Demand for oranges and grapefruit for fresh use and processing continues strong. Prices in May and June probably will stay near April levels.

Heavy demand for strawberries for freezing is expected this season. On April 1, cold storage stocks of the product were only a little over one-third as large as a year earlier.

Fresh vegetables are expected to bring moderately lower prices to farmers in May and June than a year earlier. Total supplies are larger and demand has weakened some.

New-crop potatoes already are appearing on the market and if weather is as favorable this year as in the last two seasons, another surplus will be produced. Support prices for the 1950 crop are almost 10 cents a bushel lower than for the 1949 crop.

COTTON AND WOOL Domestic mills have been using cotton at a higher rate this season than in 1948-49. Consumption for 1949-50 is expected to total about $8\frac{1}{2}$ million bales compared with 7.8 million last season. Exports also are running higher and probably will total 5 1/4 million bales compared with 4 3/4 in 1948-49.

Stocks of cotton carried over into 1950-51 season which begins August 1 are expected to be around $7\frac{1}{2}$ million bales. About 2/3 will be owned by CCC. The carryover of low grade cotton is expected to be relatively small.